



September 2024

GCVA
Consumer Report

Vol.
51



GCVA partners with GlobalData to deliver a monthly snapshot of consumer behaviour and attitudes in the UK towards gift cards.

The August fieldwork commenced on September 1st, 2024, and was designed to explore habits over August 2024. A UK nationally representative sample of 2,000 shoppers were surveyed.

👉 gcva.co.uk

✉ info@gcva.co.uk

🌐 [thegcva](https://www.thegcva.com)

✂ [@gcva](https://twitter.com/gcva)

Topline Takeaways

- Retail spending growth to slow to 2.1% in 2024 as inflation recedes
- Year-on-year uptick in gift purchasing over August 2024
- Self-use is playing a key role in saving and budgeting in 2024
- Online and digital continue to outperform
- Multistore cards outperformed over August
- UK consumers see gift cards as a medium for supporting local businesses
- Experience gift cards were popular options over August

Retail spending growth to slow to 2.1% in 2024 as inflation recedes



Following growth of 4.5% to £388.1bn in 2023, retail spending growth is forecast to slow to 2.1% in 2024. In our projection, inflation drops sharply from 9.4% (2023) to 2.0% (2024) as the cost pressures that have pushed it higher, particularly energy price hikes, fall out of the calculation. Volumes are forecast to rise marginally in 2024, following two years of significant declines (around 5%), reflecting how shoppers are remaining cautious coming out of the cost-of-living crisis. Despite this, real earnings growth, combined with the further cut to National Insurance will create a more supportive context for discretionary spending and we expect spend growth to improve throughout the year. That said, this benefit will not be felt by all households. For those needing to remortgage and facing much higher monthly payments, household spending will be squeezed.

Food, Health & Beauty

Growth in the food sector and prioritisation of essentials will continue to be the driving force of total retail spend in 2024 with non-food sectors continuing to lag behind, forecast to rise 0.9% and health & beauty set to be the only non-food area to experience notable growth, of 5.4%.

Online Channels

The online channel will see improved growth of 2.8% in 2024 following a rise of just 0.6% in 2023 and a decline of 9.9% in 2022, after the heights of the pandemic when online penetration reached over 27%. Online penetration will rise marginally in 2024 to 22.9% and slowly rise out to 2028 with more rapid growth coming from the online food market as retailers' proposition improvements entice shoppers.

Year-on-year uptick in gift purchasing over August 2024



30.3% of UK consumers bought physical gifts, gift cards or made self-use gift card purchases over August 2024. Despite spending priorities being elsewhere for many over the summer months, this represented the strongest rate of purchasing since April 2024, and was ahead of August 2023 (30.3% vs. 29.6%).

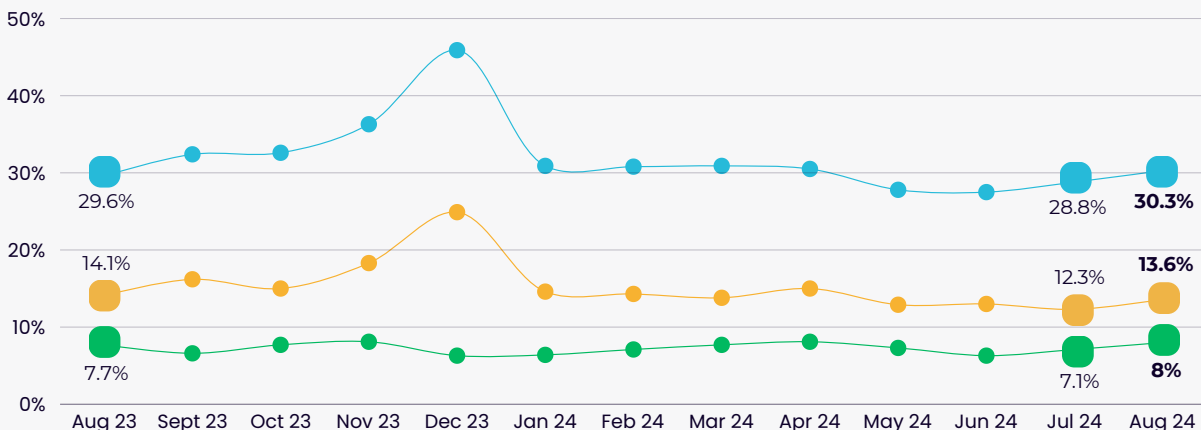
It was again physical gifts that outperformed over August, with 14.8% purchasing a physical gift for someone else, compared to 14.2% over August 2023. In contrast, the 13.6% purchasing gift cards for someone, was down on the 14.1% doing same in 2023. The positive weather of the second half of July continued into the first couple of weeks of August and this, combined with the Olympics, encouraged a greater number of physical gatherings.

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Figure 1:

Did you purchase any of the following:

- Gifts in any form (physical gifts or gift cards for any use)
- A gift card for somebody else
- A gift card for yourself



Self-use is playing a key role in saving and budgeting in 2024



Self-use purchasing experienced a strong performance over August 2024, with 8.0% purchasing compared to 7.7% (August 2023). At the same time, among those purchasing gift cards, over a fifth (20.1%) bought a physical gift card through an employee benefits programme, and over a tenth (12.9%), bought a digital gift card via this route; both higher than August 2023.

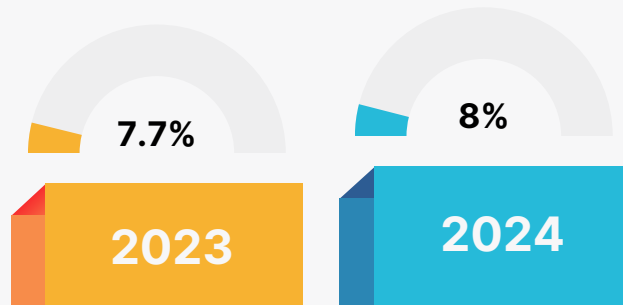
Moreover, we expect it to continue to be an important role over the remainder of 2024 and in 2025 in supporting shoppers looking for levers to help with saving and budgeting. Indeed, the proportion of those purchasing self-use cards that cited “to help with saving money” was at 33.3% over August 2024.

Among those purchasing gift cards, over a fifth (20.1%) bought a physical gift card through an employee benefits programme.

Figure 2:

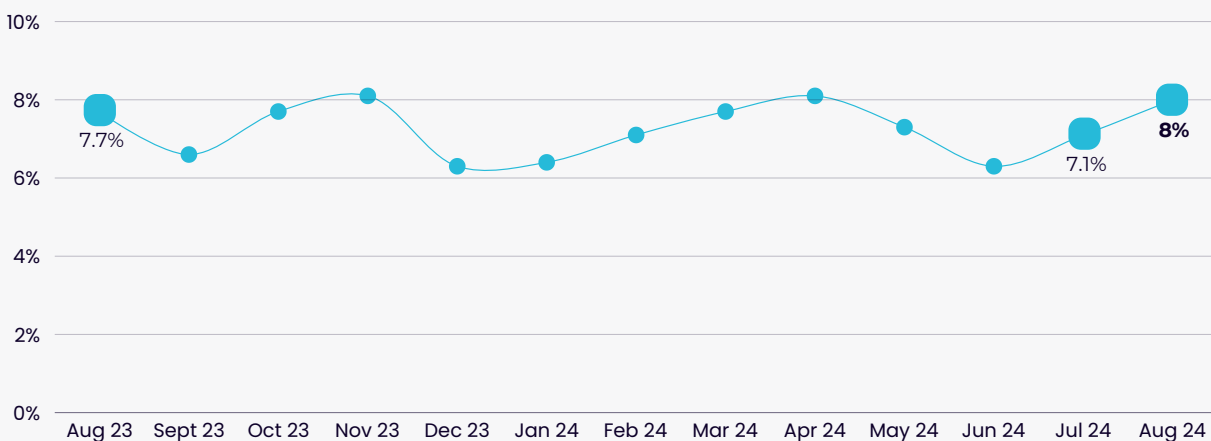
Purchasing a gift card for yourself August 2023 vs August 2024:

- August 2023
- August 2024



Data trend over a 12 month period:

- A gift card for yourself



Online and digital continue to outperform



A higher proportion of gift card buyers purchased physical gift cards online (31.3% vs. 29.8%), and digital gift cards (30.6% vs. 29.1%) over August 2024 compared to August 2023. For the former, this perhaps points to the greater convenience in purchasing physical cards online over a period when many are on domestic and overseas breaks. Indeed, during the month there was a parallel decline in those purchasing physical cards instore (43.8% vs. 46.1%).

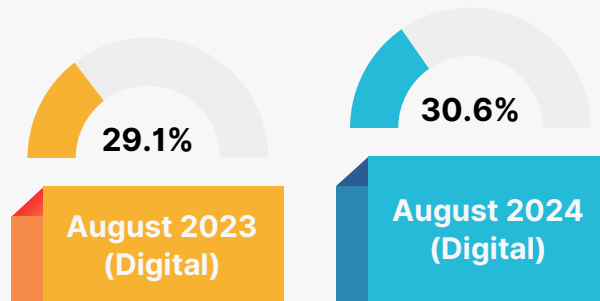
The strong year-on-year performance of digital gift cards is reflective of the growth of self-use purchase, the greater convenience that these cards provide, and rising shopper expectations are cross-channel purchase and redemption. Indeed, 40.2% of respondents agreed with the statement “I expect all gift cards to be cross-channel”.

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Figure 3:

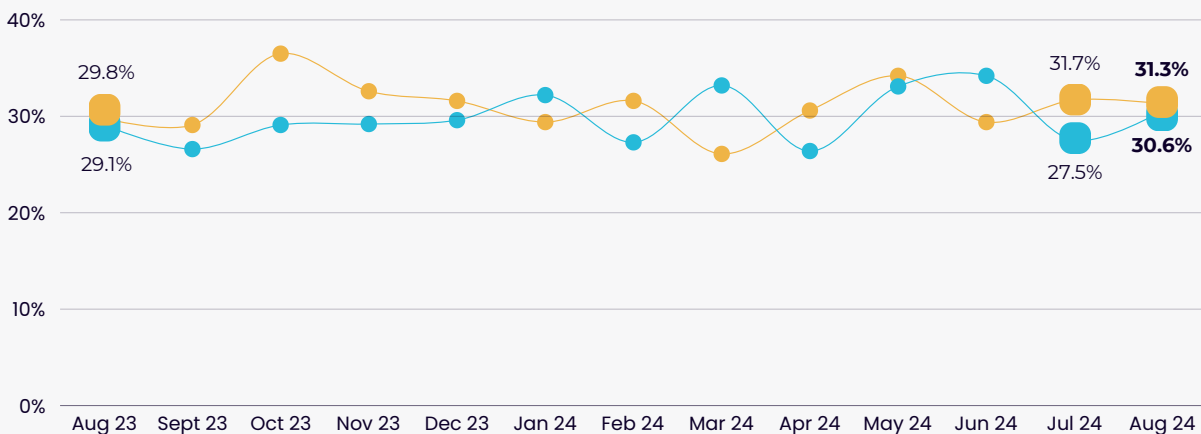
Purchasing a digital gift card August 2023 vs August 2024:

- August 2023
- August 2024



Which type of gift cards did you purchase?

- A physical gift card from a retailer/gift card issuer online
- A digital gift card from a retailer/gift card issuer online



Multistore cards outperformed over August



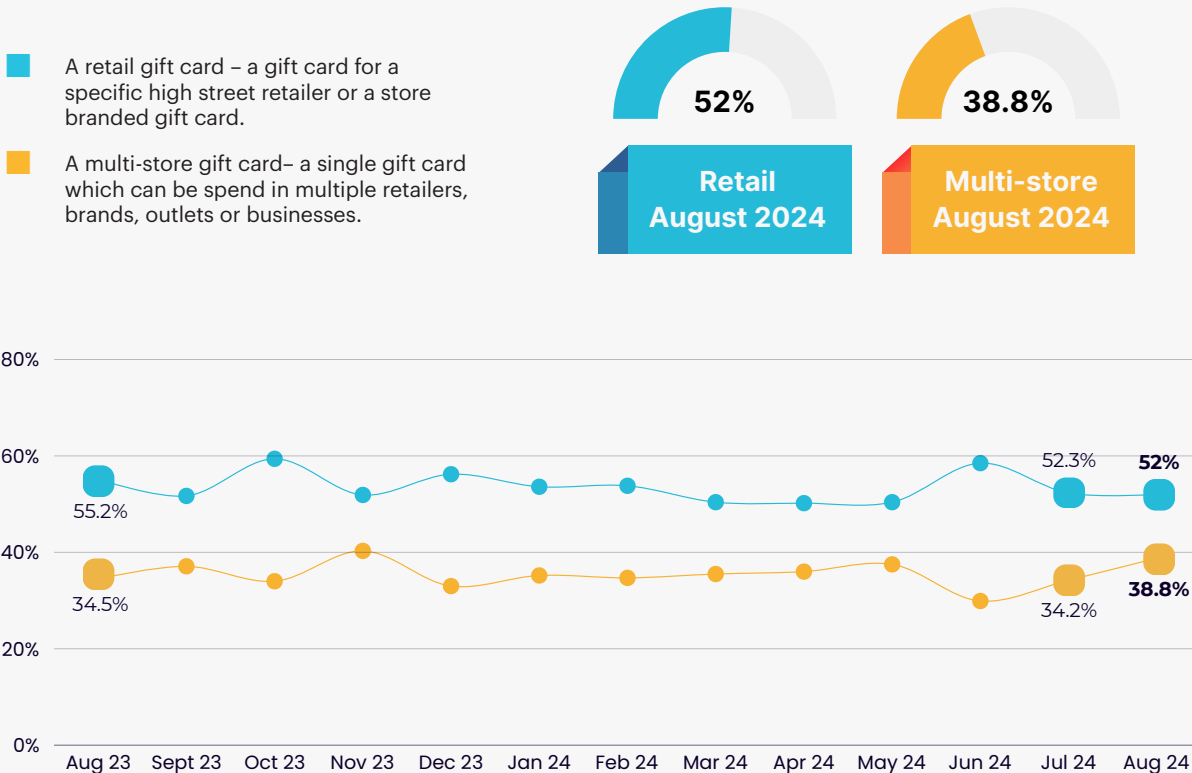
Multistore gift cards outperformed over August 2024, with 38.8% of gift card buyers purchasing this card type, compared to 34.5% in August 2023. Conversely, with a lack of more meaningful seasonal gifting occasions during the period,

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retail/single brand gift cards saw a year-on-year dip in purchasing among gift card buyers, from 55.2% in August 2023 to 52.0% in August 2024.

Figure 4:

When purchasing gift cards (includes gift cards, vouchers, digital, e-gift codes etc.), which types of gift cards did you purchase, either for yourself or someone else?



UK consumers see gift cards as a medium for supporting local businesses



Just under a quarter (24.9%) of respondents said that they have noticed that more local businesses have started to sell gift cards. Moreover, there are signs that many are being proactive in purchasing gift cards to funnel support to local companies. 26.5% of those that purchased gift cards for someone else said that they did so because they wanted to 'support local businesses and/ or my local high street' (vs. 17.4% in August 2023).

Experience gift cards were popular options over August



The proportion of gift card buyers purchasing experience gift cards increased to 17.7% over August 2024 vs. 13.8% over August 2023. Purchasing for hotel stays and other experience is typically higher around this time of the year, and demand

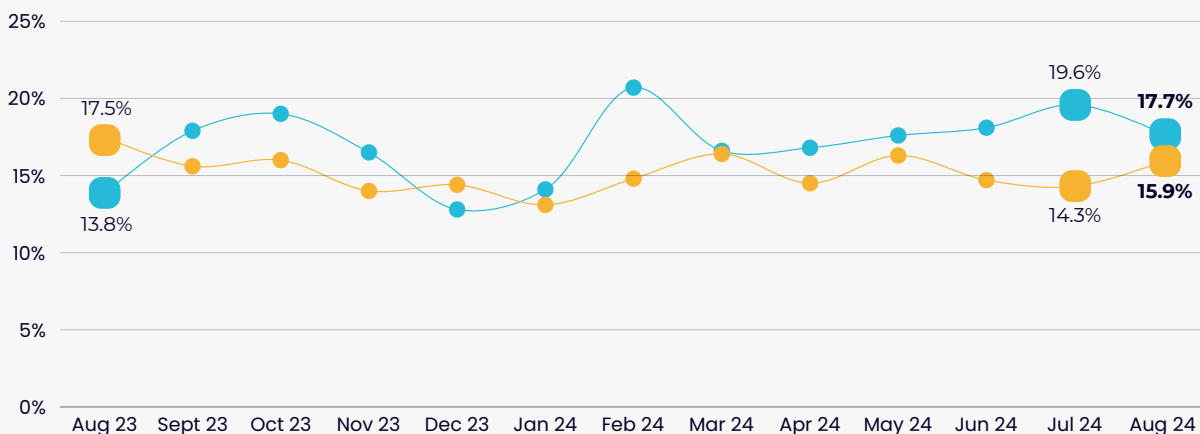
Demand for experience related gift card types will have been further boosted by more UK consumers undertaking 'day-cations'.

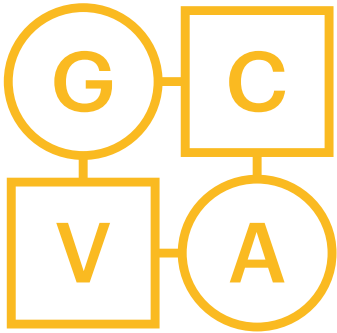
for experience related gift card types will have been further boosted by more UK consumers undertaking 'day-cations'.

Figure 5:

Experience gift cards were popular options over August.

- An experience e.g. hot air balloon ride, helicopter ride, hotel stay.
- Leisure e.g. Travel, theatre tickets, spa, dining





The GCVA is the trade body and membership organisation for gift cards and vouchers. The association represents the key players in the industry and promotes best practice for the benefit of gift card issuers, services and consumers.

On the time-period comparisons, this wave covers the August 2024 calendar month, with comparisons made between August 2024 and August 2023. Where relevant, comparisons have also been made to the wider tracking period.

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